



Medium-Term Business Plan

(FY 2024 to FY 2026)

**1 Review of Medium-Term Business Plan
(FY 2022 to FY 2024)**

**2 Medium-Term Business Plan
(FY 2024 to FY 2026)**

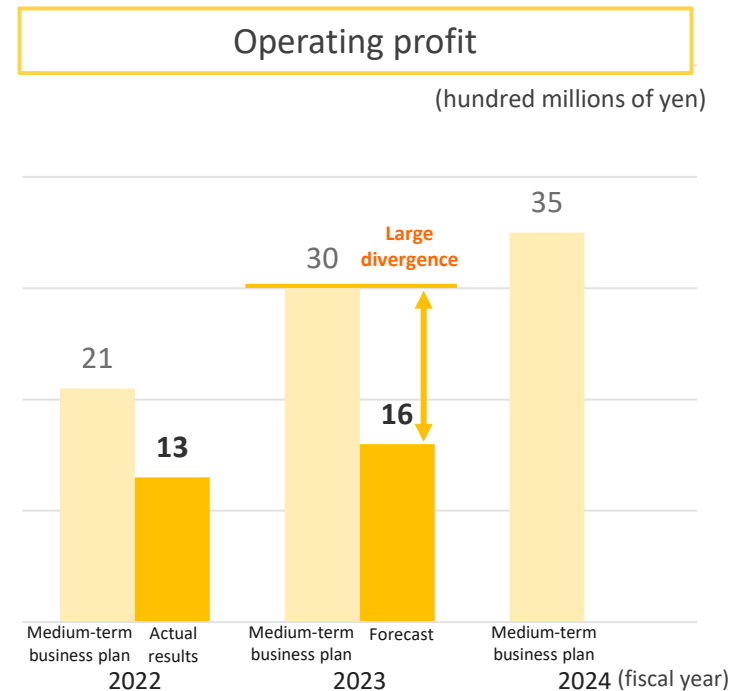
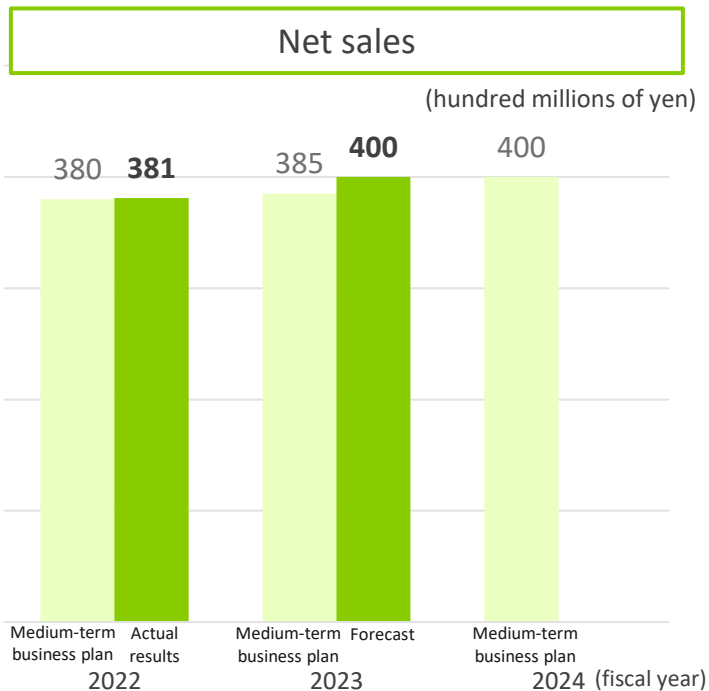
**“Promotion of the Growth Strategy and
New Value Creation”**

1

Review of Medium-Term Business Plan (FY 2022 to FY 2024)

Review of Medium-Term Business Plan (FY 2022 to FY 2024)

- Net sales achieved those for FY 2022 in the plan as the selling prices remained high even during weak external demand. For FY 2023, we will implement a wide variety of measures to achieve those in the plan even though some demand from customers is weaker than expected.
- Operating profit is expected to be substantially below that in the plan mainly due to a decrease in the operation rate resulting from weak demand.



Review of Medium-Term Business Plan (FY 2022 to FY 2024)

Achievements

- **Investment mainly in Specialty Chemicals**
(including MLCC materials and semiconductor materials)
- **Optimization of functions of overseas sales bases**
- **Building of the sustainability system**
(establishment of Sustainability Promotion Committee)
- **Portfolio optimization**
(winding-up of Kanto Sodium Silicate Glass Co., Ltd)

Challenges

- **Failure to achieve numerical targets in growth fields and delay in new businesses**
- **Increase in corporate value (Increase in ROE and EBITDA)**
- **Further promotion of sustainability management**

2

Medium-Term Business Plan (FY 2024 to FY 2026)

Positioning of Medium-Term Business Plan

Targets for FY 2030		
Operating profit	EBITDA	ROE
6 billion yen	11 billion yen	8%



Points of Medium-term Business Plan

(i) Updated the business plan in response to promotion of the sustainability management

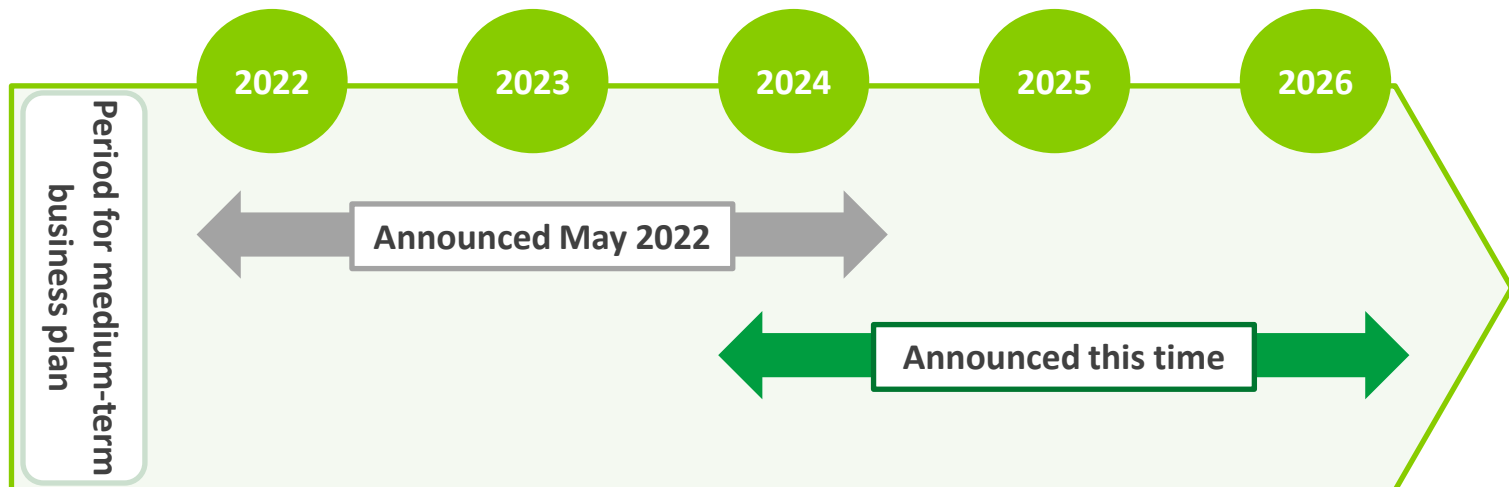
Reflection of measures to increase corporate value from the long-term perspective in the medium-term business plan

(ii) Updated the business plan in response to changes in external environment

Review of sales plan

Review of numerical plans resulting from additional investment

(iii) Updated the period for medium-term business plan to 3 years from FY 2024



Policies and Priority Measures in Medium-Term Business Plan

Policy for medium-term business plan

Promotion of the Growth Strategy and New Value Creation

Three measures based on the sustainability management

Measure (i) Business expansion and strengthening the business structure

- Expand the business in growth fields
- Strengthen the business structure of basic fields
- Pursue deepening and succession of production technology

Measure (ii) Promotion of globalization

- Increase overseas net sales
- Strengthen overseas organizations
- Pursue new opportunities

Measure (iii) New value creation

- Promote development of products with competitive advantage
- Achieve early research results

Promotion of the Sustainability Management

- Effectively allocate managerial resources
- Strengthen supply-chain management
- Improve employee satisfaction
- Strengthen and complete corporate governance and compliance
- Facilitate environmental responses
- Promote contribution to local communities and society

FY 2030

FY 2026

FY 2024

Numerical Targets

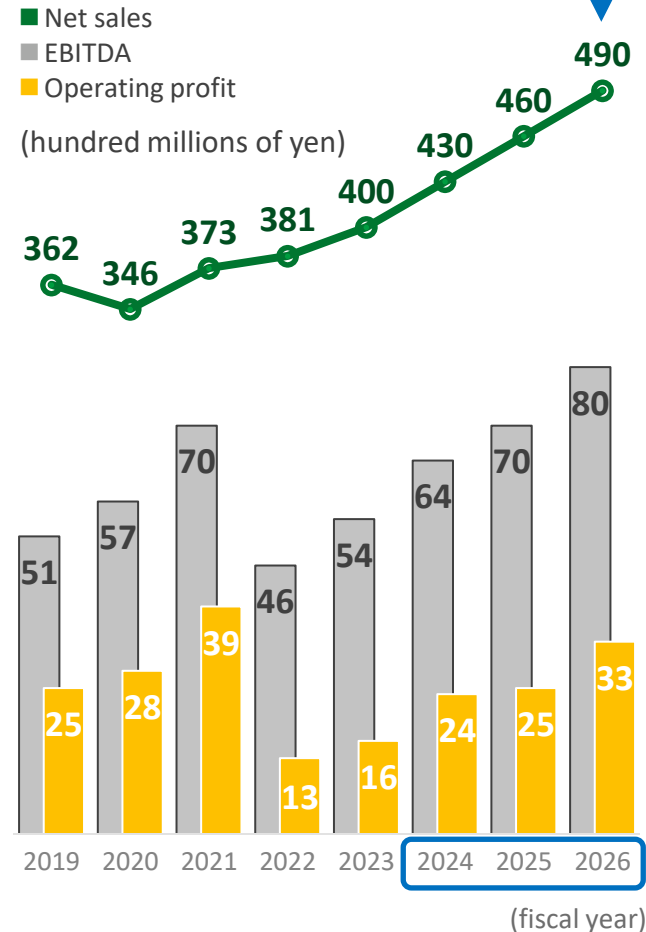
Final fiscal year in Medium-term business plan

Targets for FY 2026

Net sales	49 billion yen
Operating profit	3.3 billion yen
EBITDA *1	8 billion yen
ROE *2	6 %
Net sales in growth fields	20 billion yen
Overseas net sales	7 billion yen
Capital investment (cumulative total for three years)	20 billion yen
Payout ratio	Around 30 %
Ratio of cross-shareholdings to net assets	15 % or less

*1 Brief version of EBITDA (operating profit + depreciation) is used

*2 ROE = Net income / Average shareholders' equity



Measure (i) Business Expansion and Strengthening Business Structure

Focus on strengthening and expansion of earning capacity

Expand the Business in Growth Fields

- Obtain business opportunities by continuously making strategic investments in electronic ceramic materials
- Realize business expansion by pursuing efficient and stable production of organic electronic materials


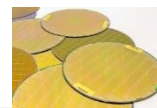


Strengthen the Business Structure of Basic Fields

- Expand the lineup of differentiated products satisfying the diversifying customer needs
- Implement measures to increase profitability of low profitable products and businesses




Pursue Deepening and Succession of Production Technology

- Clarify core technologies and implement succession of production technologies and expertise
- Increase profitability and safety by making production efficient and stable

<Products in growth fields and their major uses>

Electronic Ceramic Materials	Dielectrics for MLCC and dielectric materials (Barium titanate / High-purity barium carbonate)	
High-Purity Electronic Materials	Semiconductor materials and organic electronic materials (High-purity phosphine gas / High-purity red Phosphorus, etc.)	
Phosphoric Acid for LCDs and Semiconductors	Etching agents (Phosphoric acid)	
Phosphorus Materials for Quantum Dot	Materials for Quantum Dot display (Phosphine derivatives including TMSP)	

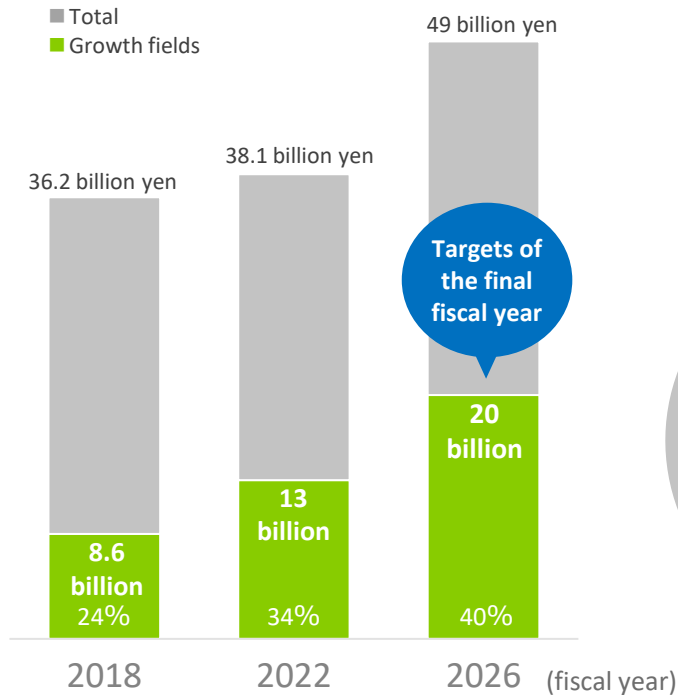
<Products in basic fields and their major uses>

Chromium Compounds	Hard chromium plating (automobiles) Refractory bricks (metallurgical furnace) Electromagnetic steel sheet plating (electronic vehicles)	
Silicates and Silica	Deinking of used papers (paper manufacturing) Soil hardening agent (construction)	
Inorganic Phosphorus Compounds	Food additives Optical glass materials	

Growth Fields

Increase net sales in growth fields to more than 20 billion yen

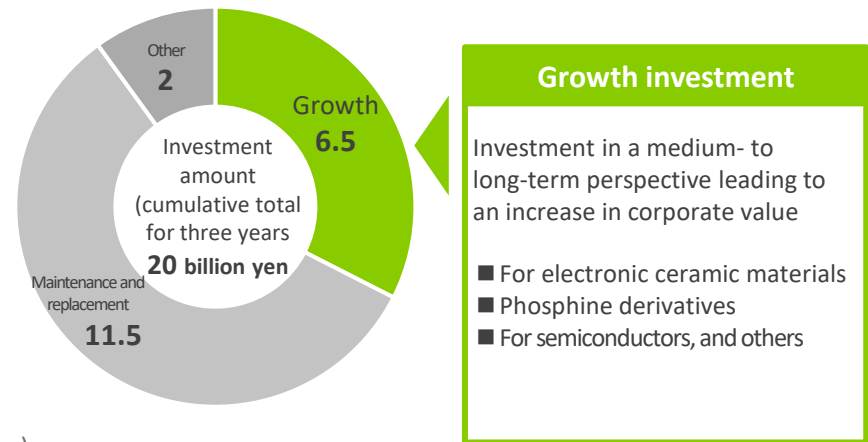
<Ratio of growth fields in net sales>



Targets of products in growth fields for FY 2026

- Growth fields net sales: **20 billion yen**
- Growth fields sales ratio: **40%**

<Capital investments, etc.>



Measure (ii) Promotion of globalization

Expand the business leveraging strength

Increase overseas net sales

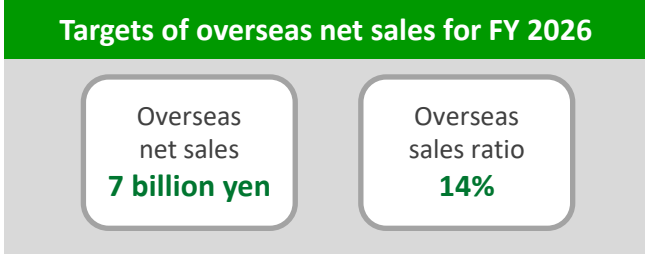
- Expand overseas with products satisfying local needs

Strengthen overseas organizations

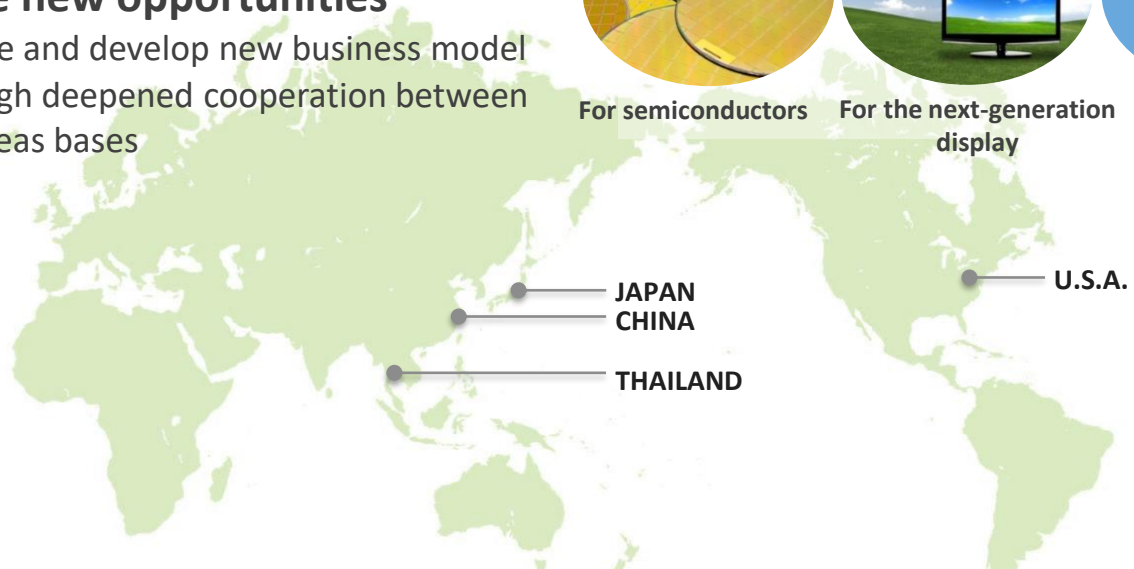
- Increase the organizational strength to improve overseas presence

Pursue new opportunities

- Pursue and develop new business model through deepened cooperation between overseas bases



<Examples of products increasing net sales in overseas markets>



Measure (iii) New value creation

Create new value through highly efficient R&D

Promote development of products with competitive advantage

- Promote commercialization of high value-added products using core technology

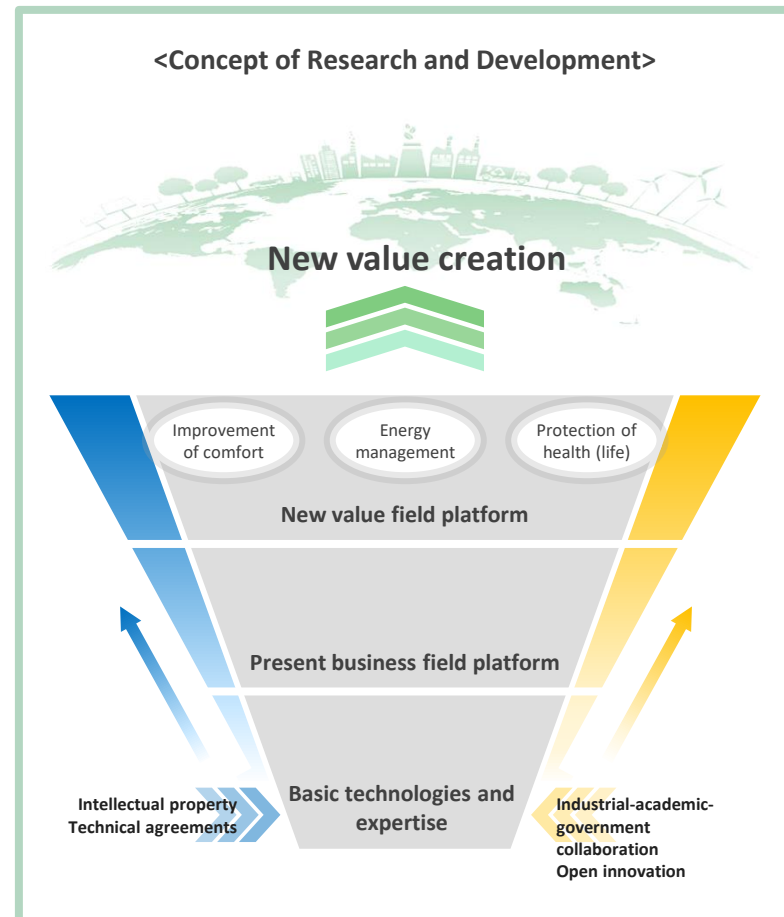
Achieve early research results

- Response to increasingly diverse and sophisticated social issues through the effective use of external resources
- Promote the development of new products and process responding to carbon neutral and growth fields

Targets of R&D expenses for FY 2026

R&D expenses
1.8 billion yen

Ratio of R&D expenses to net sales
4%

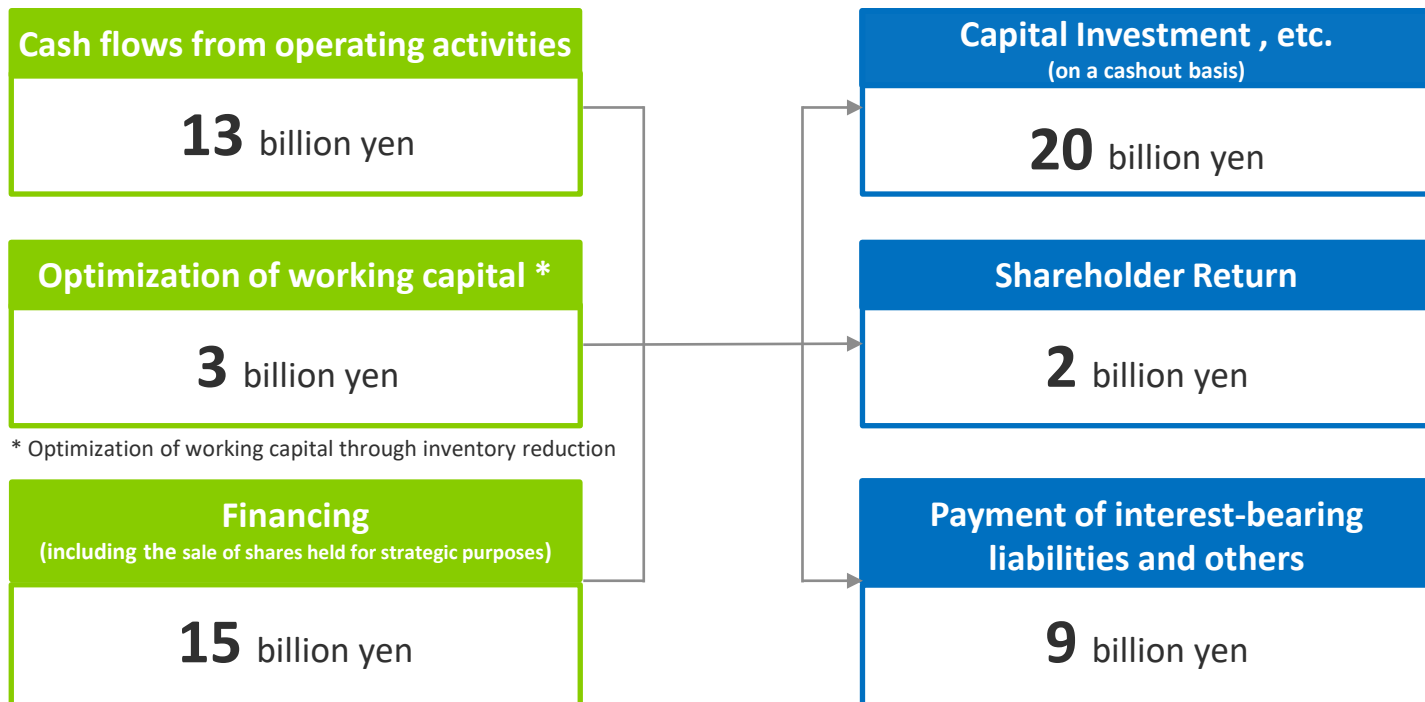


Cash Allocation

Effectively allocate of managerial resources

Allocate cash generated from the expansion of growth fields and optimization of inventories to growth fields and business foundation

Conduct a stable dividend increase as the return to shareholders with a payout ratio target of 30%



The image features a celebratory logo for a 130th anniversary. The number '130' is written in a large, elegant, green cursive font, enclosed within a grey oval border. To the right of the '0', the word 'th' is written in a smaller, grey cursive font. Below the '130', the text 'since 1893' is written in a green cursive font. The background is a soft, light green gradient with several stylized green leaves of various sizes and orientations, some with small white sparkles or starburst effects. The overall aesthetic is clean, fresh, and celebratory.

130th
since 1893

A New breeze in the chemical industry